

STATE OF WISCONSIN
DEPARTMENT OF HEALTH AND FAMILY SERVICES
DIVISION OF MANAGEMENT and TECHNOLOGY
BUREAU OF FISCAL SERVICES

ACCOUNTING PROCEDURE

TOPIC: Section 12--Travel 1.41	EFFECTIVE DATE: 1/1/96
TITLE: Coding of Non-Overnight Meals, Moving Reimbursements, IRS Reporting, and Withholding of Taxes	REVISION DATE: 1/30/02
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BACKGROUND

As an employer, each agency of the State of Wisconsin is responsible for reporting certain taxable information to the Internal Revenue Service (IRS) in addition to the employee's regular salary. This information, on W-2's, must be sent to the person and transmitted to the IRS by January 31 each year. The IRS requires that W-2's be issued for reimbursement of non-overnight meals and moving reimbursements. In addition, the IRS requires withholding of taxes on some of these reimbursements.

Currently the IRS rate for mileage reimbursement is more than the maximum allowable by the state. Therefore, the miles driven and the amount reimbursed for miles driven are not reported to the IRS. Mileage reimbursement should be coded to a regular travel account such as 21000.

Based on the IRS tax ruling, The State of Wisconsin, effective January 1, 1996, started withholding taxes on reimbursement of taxable travel expenses. These expenses include non-overnight meals and certain moving expenses. It is the Department of Administration's policy that all employee reimbursements of these expenses, taxable and nontaxable, will be paid through the payroll system.

A travel voucher form, State Employee Travel Reimbursement Requests (TL) (Form DMS-190A), has been developed. The form and instructions were previously released as FMS ALERT #329. The form is available on the DHFSweb Forms Directory.

All employee travel reimbursements keyed after 12/21/95 must be documented on the new travel voucher form, DMS-190A. The payment process for travel is the same for employees who receive a physical check and those paid by electronic deposit. Procedures for non-employee travel reimbursement are unchanged because those payments are not subject to withholding. Non-employees are to continue using the green travel voucher form (Form DMS-190). Non-employee costs should be coded to account 21600.

Any employee travel previously reimbursed through the contingent funds will need to be reimbursed through the new TL voucher/payroll system.

Travel vouchers (TL's) that are accepted into WiSMART by Tuesday of the non-payroll week will be paid on the following payroll. In order to be accepted in WiSMART the TL document must be entered into FMS, be approved and be released by Accounts Payable/Preaudit. This will normally be items keyed into FMS through the Friday of the week of payroll.

All employee travel reimbursements (taxable and non-taxable) must be paid through the payroll system. Reimbursement expenses subject to withholding are: a. all non-overnight meals reimbursed to the employee; b. certain moving expense reimbursements paid to or on behalf of the employee: (1) moving stipend; (2) effective 1/1/02, mileage reimbursable in excess of \$.13 per mile; and, (3) temporary lodging.

PROCEDURES

1. Non-Overnight Meals. When coding the travel voucher (TL) document, these expenses need to be separated from those where there is an overnight stay. The non-overnight meals must be coded to line 1 on the TL form. This has the balance sheet account of 250800 (taxable travel payable) on it. The form has the debit/credit code pre-filled as a credit (40). These expenses also need to be debited to the appropriate expenditure coding (for example, 21000). The form when completed will net to -0-.
2. Moving Expense Reimbursements. When an employee is eligible for moving reimbursement, the following must be reimbursed on the State Employee Travel Reimbursement Requests form (Form DMS-190A). See chapter 228.5 B of the Supervisor's Manual for guidelines on moving reimbursements.
 - Moving Stipend.
 - Mileage to drive one vehicle one way.
 - Temporary Lodging.
 - Direct moving expense paid to the mover by the employee.

Moving Expense Reimbursements subject to IRS withholding are: (1) The moving stipend; (2) Mileage reimbursable in excess of \$.13 per mile; and, (3) temporary lodging. These costs which are subject to withholding are to be coded to line 1 on the TL form. This has the balance sheet account of 250800 (taxable travel payable) on it. The form has the debit/credit code pre-filled as a credit (40). These expenses also need to be coded as a debit to the appropriate expenditure code 21550. The form when completed will net to -0-.

The \$.13 mileage reimbursement not coded to the account 205800 mentioned above, and the direct moving costs reimbursed to the employee, are to be reported to the IRS on a W-2. These costs, which are not subject to withholding, are to be coded to line 2 on the TL form. This has a balance sheet account of 250900 (Non-Taxable Payable) on it. This form has the debit/credit code pre-filled as a credit (40). These expenses

also need to be coded as a debit to the expenditure code 21550. The form when completed will net to -0-.

The moving expenses paid directly to a moving company are to be reported to the IRS on a W-2. These expenses need to be coded to account 21550.

REFERENCES

DHFS Supervisor's Manual, Chapter 228.5 B

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